

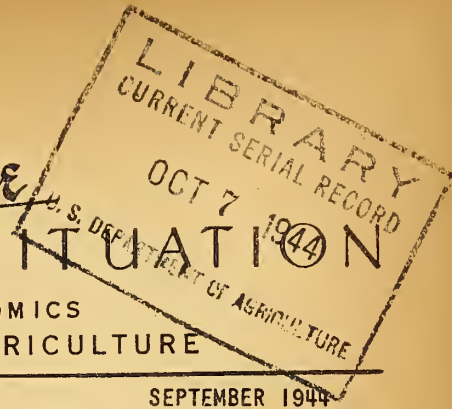
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THE

Demand and Price

SITUATION



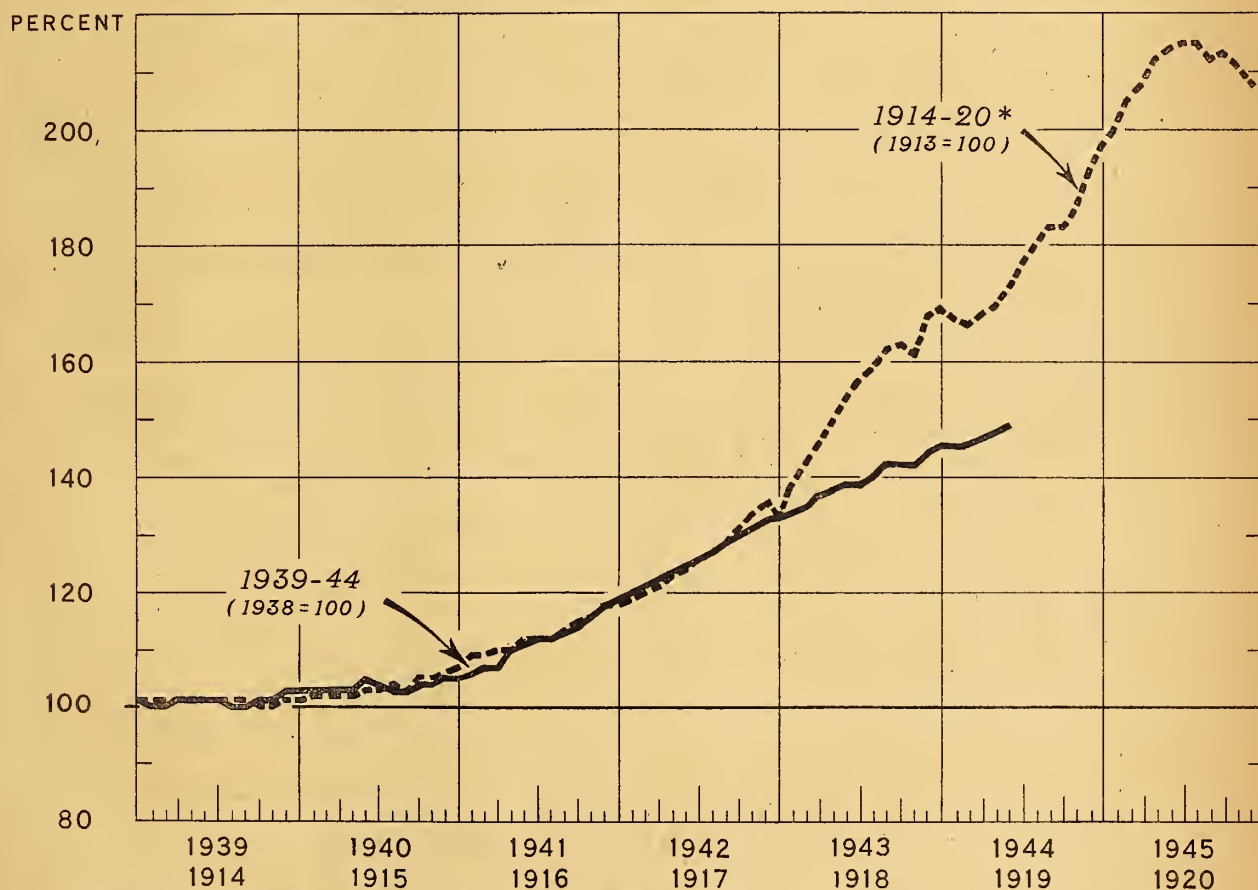
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.



SEPTEMBER 1944

COMPOSITE WAGE RATES, INDEX NUMBERS. UNITED STATES, 1914-20, AND 1939-44



BASED ON DATA FROM FEDERAL RESERVE BANK OF NEW YORK. HOURLY EARNINGS OF INDUSTRIAL LABOR, WAGES OF FARM LABOR AND BUILDING TRADES, AND SALARIES OF TEACHERS AND CLERICAL EMPLOYEES
*ADJUSTED FOR SEASONAL VARIATION

U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

Until the beginning of the 1943, composite wage rates rose during the present war at about the same rate as in the corresponding 3 years of World War I. However, the rate of increase in 1943 and 1944 has been very much less than it was in 1918 and 1919 and slightly lower than in 1942.

DEMAND FOR FARM PRODUCTS

The present high level of demand for farm products is likely to continue as long as the war lasts in both Europe and Asia. However, within a few months after the end of hostilities in Europe, there may well be substantial changes in the general business situation and in the outlook for farm products.

Even if hostilities continue in Asia for some time after they end in Europe, it is highly probable that there will be considerable shifting in industrial production in the United States. This is particularly true of durable manufactured goods and chemicals, a large proportion of which are used by the military forces and are not suitable for civilian use.

Unless offsetting measures are taken, the decline in industrial production will probably cause a considerable concurrent decline in nonagricultural income payments to individuals. A substantial part of the present payments for overtime work will end with the decline in industrial production. Overtime wages in 1943 amounted to 12 billion dollars or 13 percent of all nonagricultural wages and salaries. Also, the declines in production and employment are likely to be greatest in those industries where average wages are now highest. These are primarily the metal working industries making heavy equipment for the military forces. Most workers now in these industries who take jobs elsewhere will probably have to accept lower total wages than they are now receiving, unless hourly wage rates are raised.

Cessation of hostilities in Europe is not likely to be followed very soon by a drop in the demand for farm products comparable to the decline in domestic business activity. Civilian demand is likely to be maintained at a high level in spite of a decline in nonagricultural income. Individual savings have increased during the war to several times their prewar level.

Consequently consumer expenditures could be maintained at their present level with somewhat smaller incomes by reducing the amount currently saved. The need for food and other farm products by foreign countries will help to maintain agricultural exports at levels higher than in prewar years.

-- September 18, 1944

Nonagricultural Employment and Income

The number of employees in nonagricultural establishments in July 1944 totaled 38,607,000 -- 3.3 percent under July 1943 and the smallest number since June 1942. During the past year there have been declines in the number employed in manufacturing, mining, construction, and government (exclusive of military personnel). There has been almost no change in the number employed in trade, while the number working for transportation and public utility concerns and those employed by finance, service and miscellaneous industries have increased.

In spite of reduced employment and a decline in industrial production, salaries and wages have continued to increase during the past year. Nonagricultural wages and salaries for July 1944 amounted to 8,983 million dollars, an increase of 9 percent over July 1943. The average weekly earnings in manufacturing industries for June 1943 (the latest date for which figures are available) were \$46.28. This is the highest on record and 7 percent above June 1943. Average weekly earnings in industries manufacturing durable goods were \$52.16 in June 1944 as compared with \$37.36 for nondurable goods industries. Since it is probable that employment in industries manufacturing durable goods will decline much more than it will in nondurable goods industries, following the cessation of hostilities in Europe, the difference in earnings is unusually significant at the present time.

Total nonagricultural income payments are continuing to increase. The seasonally adjusted index for July 1944 was 229.4. ^{1/} This is 1.9 points above June and 20.8 points or 11 percent above July 1943. However, the rate of increase from 1943 to 1944 has been only about one-half that from 1942 to 1943. In contrast to nonagricultural income, the seasonally adjusted index of cash receipts from farm marketings for July 1944 was 252.0, which is 3.5 points or 2.5 percent below July 1943.

Industrial Production

Industrial production in July declined slightly for the fifth consecutive month. The seasonally adjusted index was 253. ^{2/} This is 3 percent below July 1943 and 6 percent below the peak of November 1943. Present indications are that the decline was temporarily checked in August. The production of steel, petroleum, bituminous coal, and electric power were all slightly higher in August than in July.

^{1/} Department of Commerce, 1935-39 = 100.

^{2/} Federal Reserve Board, 1935-39 = 100.

The value of new orders received by manufacturers has been increasing in recent months. The index of new orders for all manufacturing industries for July 1944 was 310 (January 1939=100) as compared with 261 for February 1944, which was the lowest to date for the current year. This represents an increase of 19 percent in a 5-month period. Orders for durable manufactured goods increased 34 percent from February to July. The July index was 483. With the exception of June 1942, this is the highest figure on record. In contrast to this situation, the index of new orders for nondurable manufactured goods for July 1944 was 197--an increase of only 1.5 percent from February.

During the time that the volume of new orders has been increasing, the size of manufacturers' inventories has declined slightly. The index of inventories for all manufacturing industries was 173.0 for July 1944--a decrease of 2.6 percent from February. The largest decline occurred in the inventory of durable goods--3.5 percent as compared with 1.7 percent for nondurable goods.

The increasing volume of new orders has not resulted in any increase in manufacturers' shipments in recent months. The index of shipments for July was 274, which is slightly under February. However, most of this decline in shipments has been in nondurable goods, where the increase in new orders has been smallest. Shipments of automobiles and equipment, iron and steel and their products, and of electrical machinery have increased somewhat in recent months.

War Food Administration Purchases of Agricultural Products

Purchases of agricultural products by the War Food Administration for Lend-Lease, Territorial Emergency, Red Cross and other purposes have been much smaller during recent months than they were for the corresponding period in 1943. For the first 3 months of 1944, purchases were somewhat larger than a year earlier, but, beginning with April 1944, they have been smaller each month than they were for the corresponding month in 1943.

Total purchases for the 4-month period April to July 1944 amounted to 545 million dollars as compared with 819 million in 1943. This is a decrease of approximately one-third. The largest declines occurred in the purchases of fats and oils--61 percent; fruits and vegetables--61 percent; and meats--56 percent. Expenditures for dairy and poultry products declined only 4 percent, while purchases of grains and cereal products increased slightly.

Approximately 39 percent of the amount spent for agricultural commodities during the first 7 months of 1944 was for the purchase of dairy and poultry products and 30 percent was for meats and lard. Purchases of fruit and vegetable products amounted to about 3 percent of the total, grain and cereal products 6 percent, fats and oils (other than butter and lard) 4 percent and sugar 3 percent. Purchases of nonfood products, principally tobacco and cotton, constituted about 6 percent of the total.

FARM INCOME AND PRICES

Total cash receipts for September are currently estimated at 1,880 million dollars compared with 1,697 million dollars in August and 1,935 million dollars in September 1943.

Total receipts from farm marketings for the period January through September amounted to 13,848 million dollars, which is 6 percent above 1943. Crops were up 7 percent and livestock 6 percent. The index of prices received by farmers for September 1944 was about the same as for August. Prices of crops were down slightly while prices of livestock and livestock products were up.

Rough estimates for the first 9 months are presented below by commodity groups, together with revised estimates for 1943 and the 1939-42 average.

Commodity group receipts, January through September

Commodity group	: 1938-42 : average	: 1943	: 1944
	: Million : dollars	: Million : dollars	: Million : dollars
Receipts from marketings	6,802	13,054	13,848
All crops	2,616	4,899	5,242
Food grains	452	697	838
Feed grains and hay	404	715	783
Cotton and cottonseed	338	594	503
Oil-bearing crops	82	330	238
Tobacco	181	312	358
Vegetables	581	1,265	1,291
Fruits and nuts	362	713	920
All livestock	4,186	8,155	8,606
Meat animals	2,079	4,209	4,620
Dairy products	1,279	2,105	2,229
Poultry and eggs	703	1,672	1,587

Cash receipts for August, 1,697 million dollars, were 4 percent below the income of 1,772 million dollars in August 1943, and 6 percent greater than the 1,602 million dollars in July 1944. The volume of total farm marketings was greater in August than in July largely because of increased sales of crops and meat animals. Prices of food grains, fruit, and truck crops dropped rather sharply, bringing about a decline of 2 percent in prices of all crops. The index of prices of all livestock and livestock products increased slightly as average prices for meat animals and for poultry and eggs made significant gains.

Although total slaughter, under Federal inspection, of all meat animals was not as great in August as in July, the number of cattle and calves slaughtered made new records for August and showed considerable advance over July. Hog slaughter was down sharply.

Milk production in August was 11 percent less than in July and 2 percent below August 1943. Larger numbers of cows on farms this year did not make up for decreased output per cow caused by drought in the first half of the month.

Total egg production in August was 3 percent greater than in August 1943. The number of layers on hand was 2 percent greater than last year, and production per bird was up 1 percent.

COTTON

Prospects of an early peace in Europe have differing effects on cotton prices in the United States and in certain foreign countries. In Brazil, for example, the end of the European war would seem to hasten the day when the accumulated stocks of Brazilian cotton can move freely into international trade. In the United States, on the other hand, an early peace would appear to lead to considerable cancellation of military contracts for textiles, while providing no offsetting assurance either that the level of domestic consumption can be maintained or that American cotton will be exported in larger volume. Between August 11 and September 15, Brazilian cotton prices, Type 5, at Sao Paulo, advanced 1.08 cents, while Middling 15/16-inch cotton in the United States (10 Markets) declined 15 points. Even so, on the latter date, Brazilian cotton was only 14.24 cents per pound, or more than 7.00 cents below essentially comparable American cotton.

The 1944 cotton crop is currently estimated at 11,483,000 bales, 500 pounds gross weight, or 56,000 bales larger than in 1943. The 1944 cotton crop is maturing somewhat later than a year ago. Ginnings through August 31 totaled 576,000 running bales, compared with 1,784,000 bales to the same date last year. With only 5 percent of the crop (as currently estimated) ginned, compared with 16 percent a year ago, it is still much too early to get any clear indication as to how the quality of this year's crop will compare with that of 1943. Nevertheless, the cotton ginned so far this year is lower in grade but of longer staple than ginnings to August 31 last year. The grade index of 97.4 compares with 100.0 last year, and the average staple length of 32.8 thirty-seconds inch compares with 32.2 thirty-seconds for 1943, and 14.6 percent of the cotton had a staple length of 31/32-inch and shorter compared with 32.1 percent a year earlier.

For the month of August, cotton consumption totaled 841,490 bales or 36,587 bales per working day. This daily rate is higher than in July but lower than in any other month since November 1940. Daily consumption in August was equivalent to an annual rate of 9,369,000 bales or 573,000 less than actual consumption last season and 1.7 million bales less than the record consumption in 1941-42. Even so, it is well above the pre-war high of nearly 8 million bales consumed in 1936.

CORN AND OTHER FEED

Feed grain prices may average somewhat lower in 1944-45 than in 1943-44 if present prospects for relatively large supplies in relation to grain-consuming livestock are borne out.

Favorable weather improved prospects for the second crop to the extent of 172 million bushels on September 1 over the August 1 prospects, slightly improved prospects for oats and grain sorghums, and provided additional forage for livestock over wide areas previously suffering from drought or near-drought. The 1944-45 supply of feed grains is now expected to total about 129 million tons, 2 million tons less than the 1943-44 supply. However, the supply per animal unit on farms may be 13 to 15 percent larger than the supply for 1943-44, and about the same as the relatively large 1933-42 average. A total hay supply of 108 million tons is in prospect for 1944-45, a quantity 4 percent smaller than in 1943-44. The 1944-45 supply of byproduct feeds is expected to be slightly less than for 1943-44, but larger per animal unit on farms.

Prices received by farmers for feed grains at mid-August averaged lower than a month earlier, while parities were unchanged. On August 15, prices received for oats were 5.6 cents per bushel lower than a month earlier, barley prices were down 7 cents per bushel, grain sorghums were down 12 cents per hundred pounds, but corn was unchanged, and hay averaged 40 cents per ton higher than a month earlier. Local market prices of corn on August 15 were equal to 107 percent of parity, oats 104 percent, barley 98 percent, and grain sorghums 99 percent of parity.

The decline in oats and barley prices partly reflected the lower maximum prices for those grains, placed in effect by OPA in late July and early August. Grain sorghum prices were influenced by expectations in the trade that new lower maximum prices were to be issued. In addition to these factors, however, supplies of new-crop grain were becoming available in large quantity, and demand for feed grains was less strong than in the previous few months. By mid-September, terminal market prices of oats, barley, and grain sorghums had declined about 8 to 15 cents per bushel from the August average, the first time they had been significantly below ceiling since December 1943.

WHEAT

Wheat prices on September 11 were unchanged to slightly higher than a month earlier, at or close to the level of about 90 percent of parity at which the Commodity Credit Corporation is purchasing, and 9 to 14 cents under present wheat price ceilings.

Compared with a month earlier, the price of No. 1 Dark Northern Spring at Minneapolis (\$1.51-1/2) and No. 1 White at Portland (\$1.44) was about unchanged, No. 2 Red at St. Louis, (\$1.57-1/2) was up about 2 cents, and No. 2 Hard Winter at Kansas City (\$1.53-1/2) was up 4 cents. Ordinarily the seasonal low is reached in August and September, and were it not for the CCC purchase program, prices undoubtedly would be

lower. As it is, prices are about at the purchase level in Portland, about 1 cent above at Kansas City and Minneapolis and 3 cents above at St. Louis. From the beginning of the purchase program on July 5 through September 18, CCC purchases totaled 89 million bushels, consisting of 53 million in the Kansas City area, 25 in the Minneapolis area, 7 in the Portland area, and 4 in Chicago area. In addition to the influence of the purchase program, the quantities which will be placed under loan are expected to be large and also to exert a price-supporting influence.

The domestic wheat supply for the 1944-45 year is now indicated at 1,430 million bushels, consisting of a July 1 carry-over of old wheat of 315 million bushels (revised from 316) and a crop indicated on September 1 at 1,115 million bushels, a reduction of 17 million from the August 1 indication. The quantities used for food and seed, are expected to be slightly larger than the 543 and 79 million bushels, respectively, used in 1943-44 while the quantity for alcohol may be less than the 108 million bushels last year. Feed may take about 250 million bushels, which is less than indicated a month ago because of the favorable turn of the corn crop. Last year about 500 million bushels of wheat were used for feed. Exports, including flour, may total the equivalent of about 125 million bushels, although this is necessarily highly uncertain. Imports will be sharply below last year. Considering the situation in general, stocks July 1, 1945, may not be much different from the 315 million bushels July 1, 1944. The carry-over in 1932-41 averaged 235 million bushels, in 1942 it was 632 million and in 1943 was 622 million.

The Canadian wheat crop is officially placed at 448 compared with 294 million bushels last year. A crop of this size would provide about 275 million bushels in excess of domestic requirements, which, together with an August 1 carry-over in Canada of 337 million bushels, indicates a surplus available for export or carry-over of fully 600 million bushels. This could go far toward taking care of total world trade in 1944-45.

FATS, OILS, AND OILSEEDS

Reflecting a further reduction in hog slaughter in August, prices of lard returned to ceiling levels in mid-August, with the quotation for lard in tankcar lots, Chicago, at 12.8 cents per pound compared with about 11.5 cents a month earlier. Lower grades of grease, however, sold slightly under ceilings in late August and early September. Prices of other fats and oils were mostly at or near ceilings. The index number of wholesale prices of 27 major fats and oils remained in August at 107 percent of the 1924-29 average. This compares with 108 percent a year earlier. Demand for fats and oils will continue strong in 1944-45, except for a possible temporary period of market uncertainty if the war in Europe should end during the marketing year.

With continued improvement during August in the condition of the cotton crop, the indicated production of cottonseed this year is now 4,762,000 tons, slightly more than in 1943, despite a 7 - percent reduction in cotton acreage this year. On the basis of the September 1 condition of major oilcrops, prospects are good for an output of domestic edible vegetable oils in 1944-45 about as large as in 1943-44. Lard production, however, will be much smaller than in 1943-44, and reductions are expected in output of linseed oil from domestic flaxseed and in production of greases. The total supply of fats and oils in 1944-45, including stocks at the beginning of the season, may be around 700 million pounds less than in 1943-44.

Mid-August prices received by farmers for flaxseed averaged \$2.88 per bushel, 3 cents higher than a month earlier. This rise was a result of the increase on August 14 in the ceiling price of flaxseed at Northwestern markets from \$3.05 to \$3.10 per bushel. The spread between terminal market prices for flaxseed and prices received by farmers widens seasonally in the late summer and early fall, when the bulk of the crop moves to market. There was little change from a month earlier in average mid-August prices received by farmers for cottonseed, peanuts and soybeans. Sales of these products by farmers are small in August, except for cottonseed and peanuts in south Texas.

LIVESTOCK AND MEATS

Marketings of cattle and calves will be at a record or near record level throughout October-December. Prices for fed cattle which are now near record highs are likely to continue at this high wartime level throughout the remainder of the year, but prices for grass cattle, especially cows and heifers, may be moderately lower than in mid-September as marketings increase in the fall. The average price for all beef steers at Chicago in early September was exceeded in only 6 or 8 months in World War 1, and then only by small margins. Loads of prime heifers of uniformly high quality which set a new top in Chicago at \$17.75 in late August brought the highest price paid for heifers since 1919, only 75 cents per 100 pounds lower than the all-time peak of \$18.50 received by shippers in February of that year. The top price of \$18.35 for steers at Chicago in August and early September was below the top for most months from July 1918 to January 1920. This was \$3.15 per 100 pounds lower than the all-time steer top of \$21.50 paid in February 1919.

In mid-summer the number of cattle on feed was materially lower than a year earlier, and the smallest since 1937. The marketable supply of fed cattle during October-December will be materially smaller than a year earlier. The War Food Administration increased the beef set-aside percentage of federally inspected packers from 50 to 60 percent on September 3. If procurement of beef by the armed forces and WFA continues at the present planned rate, supplies of well-finished beef will fall short of the strong demand for such beef at ceiling prices, and civilian supplies of beef may be no larger in the last quarter of the year than in the July-September period.

Since May, shipments of cattle to feed lots have been larger than in the corresponding period last year. The number put on feed this fall and winter may be larger than a year earlier, and these cattle may be fed for longer periods. During the 2nd week of July prices for feeder steers at Kansas City were at a seasonal low, averaging \$10.34, or \$2.50 per 100 pounds lower than a year earlier. Prices then advanced until in mid-September they averaged about \$1.00 per 100 pounds higher than the summer's low and were about as high as a year earlier. Because of the much larger prospective feed grain supplies this fall than last in relation to livestock numbers and the wider margin between prices of feeder cattle and fed cattle, prices for stockers and feeders may trend upward during the remaining months of this year, whereas last year the trend was downward.

Prices for hogs, which are now at ceilings, are expected to be maintained at this level throughout most of the fall, at least. During the winter prices probably will be above the level of a year earlier. Marketings in the first half of the marketing year beginning October 1 will be 15-25 percent smaller than in the corresponding period a year earlier. WFA and military buying of pork during the fall and winter will be large.

This year's lamb crop was 5-1/2 percent smaller than last year and supplies of lambs for slaughter are now smaller. Improved prospects for full pastures in the plains area, compared to last year, and larger feed production in the western Corn Belt and in Western feeding areas may increase the outlet for feeder lambs. Mid-September prices for slaughter lambs were higher than a year ago, while feeder lamb prices were lower. Prices for all lambs probably will average higher than last year in the remaining months of 1944.

WOOL

Owing to the wide spread between prices of domestic and foreign wools, domestic wool continues to move to mills only as it is needed to fill Government orders for wool fabrics. Sales of wool by the Commodity Credit Corporation from April 1 through August 19 were at a rate of about 28 million pounds a month (grease basis) although mill consumption of all wool during the same period probably averaged close to 80 million pounds a month. Fine Australian wools are available at Boston at prices which are about 22 cents a pound (scoured basis) below CCC selling prices for fine domestic wools converted to a strictly comparable quality basis, and the differential on other grades also is wide.

Apparel wool stocks in all hands in the United States on July 1, excepting wool owned by the British Government, probably totaled about 1.1 billion pounds (grease basis). This is equivalent to roughly 14 months' consumption at the rate existing at that time, compared with average 1935-39 July 1 stocks equivalent to about 11 months' consumption at the then current rate. Mill consumption of apparel wool totaled 1 billion pounds (grease basis) in the 12 months ended June 1944, compared with the 1935-39 average consumption of about 575 million pounds. This total included all stocks held by dealers and mills, United States Government stocks, and wool still to come forward from farms and ranches during the remainder of the 1944 season. Only about 300 million pounds of domestic and foreign wool were owned outright by mills and dealers on July 1, the remainder was owned by the Defense Supplies Corporation and Commodity Credit Corporation or was domestic wool which will be purchased by the Commodity Credit Corporation. The large Government stocks are the result of the wartime stockpiling of critical materials which were not available from the domestic production in sufficient quantity to meet anticipated essential military and civilian requirements, and the policy of Government support of domestic prices for agricultural products. Privately owned stocks are comparatively small in relation to present and prospective mill consumption.

Record apparel wool stocks also have accumulated in Southern Hemisphere producing countries during the war years because much of the wool trade of these countries was lost with the spread of Axis control to the entire European Continent. In pre-war years, the Southern Hemisphere countries exported almost a billion pounds of wool annually to Continental European countries and Japan. This was almost one-third of the world's apparel wool production. Stocks in the five principal Southern Hemisphere exporting countries at the beginning of the 1944 season (about July 1) probably were about equal to a full year's production in those countries.

The liberation of the European textile areas in France and Belgium is likely to result in a considerable demand for wool in those countries but even after all European mills are available it probably will take above-average world consumption for some time before the wartime accumulation of wool stocks can be used up.

DAIRY PRODUCTS

Although prices received by farmers for dairy products in the next few months are not expected to increase by the usual seasonal amounts, they probably will average somewhat higher than last year. At \$3.22 per hundredweight and 50.2 cents per pound respectively, the average price received by farmers in mid-August for wholesale milk and butterfat showed a less-than-usual gain from mid-July. This was probably due to the lack of seasonal adjustment in ceiling prices for dairy products. However, the index of prices received by dairy farmers in mid-August was 196, the highest for August since 1920.

With supplies of dairy products declining seasonally, potential demand continues to exceed available supplies, and prices of most dairy products are at ceiling levels. The only notable minor exception to this is the price of roller nonfat dry milk solids which, in some instances, is quoted below ceiling prices.

Farm milk production in August was 10.4 billion pounds, 2 percent below last year. Total milk production for the first 8 months of 1944 was 83.7 billion pounds, compared with 83.9 billion pounds during the same period of 1943, and 84.2 billion pounds in the record year of 1942.

Creamery butter output in July declined more sharply from the same month last year than for any previous month of 1944 except January. Production in July 1944 was estimated at 155 million pounds, 15 percent below last year and the lowest July output since 1922. However, production of most other principal manufactured products during July was ahead of last year, with evaporated milk, dried whole milk, and nonfat dry milk solids production continuing at record levels.

The declining butter production resulted in further tightening of sales and exchange quotas for fluid cream in market areas under War Food Order 79. For September and October, sales quotas for fluid cream were set at 75 percent of the base period (June 1943), compared with 100 percent in the summer months. However, the record production and stocks of nonfat dry milk solids brought about relaxations in the use and set-aside requirements of this product.

POULTRY AND EGGS

With consumer incomes at high levels, demand for shell eggs from current production may exceed available supplies, which may result in wholesale and retail prices for top grades remaining at or near ceiling levels. However, the heavy cold storage holdings of shell eggs will make available ample supplies of Grade B and C eggs, and prices for these lower grades are expected to be below ceilings.

Reflecting seasonally declining supplies, the average price received by farmers for eggs in mid-August -- 33.0 cents -- increased 1.8 cents from mid-July, and was 91 percent of parity. Since mid-August, wholesale egg prices have continued showing seasonal gains with top grades rising relatively more than lower grades.

Farm egg production for January-August totaled 3.7 billion dozen, 6 percent above last year's record. Although egg production in the last quarter of 1944 is expected to be less than in 1943, this will be supplemented by record cold storage stocks of egg products so that the total available supply will be at least as large as last year.

Marketings of poultry are increasing seasonally and will reach a peak in September or October. However, with one-fifth less chickens raised in 1944 than in 1943, supplies of poultry meat (excluding broilers) will be less than last year. Potential demand is expected to exceed available supplies; and prices will be at or near ceiling levels.

Preliminary estimates indicate 35.7 million turkeys raised in 1944, compared with farmers' intentions in February to raise only 33.8 million birds. The number of turkeys raised in 1944 exceeds the previous record of 1940 by 4 percent. Large military requirements, however, will leave slightly less turkey meat available for civilians than last year. This will probably result in ceiling prices paid by consumers for turkeys.

FRUIT

Prices received by farmers for most fruits declined seasonally during August and early September, reaching levels approximately the same as a year earlier but still about 2-1/2 times those of the 1935-39 period. Prices on the New York City wholesale markets likewise declined seasonally. These price movements are in reflection partly of increased seasonal supplies of fresh fruit and partly of scheduled seasonal lows in ceiling prices. Further seasonal declines in prices for apples, pears, and grapes seem probable as increasing quantities of these fruits are marketed.

Although recent prices for most fruits have been downward, prices for some have changed little while some have even increased. On the New York City auction market, prices for California Valencia oranges, lemons and grapefruit remained fairly steady during August and early September, but in early September prices for oranges and lemons declined considerably while those for grapefruit increased slightly. For the same period of time on this market, prices for Western Bartlett pears and Red Malaga and Ribier grapes declined while prices for Hale peaches remained steady.

Plentiful supplies of fresh fruits, both deciduous and citrus, are in prospect for the 1944-45 season. According to the September 1 crop report, the aggregate tonnage of the eight major deciduous fruits is indicated to be 21 percent larger this year than last and the aggregate tonnage of citrus fruits from the 1944-45 crop is indicated to be at least as large as that from the record large 1943-44 crop. Especially noteworthy are the large increases this year over last in the apricot, peach and commercial apple crops. The apricot crop of 333,300 tons is more than three times as large as the very short 1943 crop and nearly 1-1/2 times the 10-year (1933-42) average. The peach crop of 72 million bushels is 71 percent larger than the short 1943 crop and 25 percent larger than the 10-year average, and the commercial apple crop of 123 million bushels is 38 percent larger than the short 1943 crop and about equal to the 9-year (1934-42) average.

Prospective civilian supplies of fresh deciduous fruits and canned fruit juices are each about one-fifth to one-fourth larger than supplies last season. However, civilian supplies of canned and dried fruits are expected to be slightly smaller.

TRUCK CROPS

Prices received by farmers for truck crops for fresh market shipment were at about the same level during August as a year earlier. The index of prices for the first part of August was 186 (August 1909-July 1914 = 100) and this is the first month since February 1944 that the truck crop price index has been as high as in 1943. Exceptionally high prices for truck crops prevailed during the late winter and early spring of 1943 while in 1944 prices have been relatively more stable, averaging about 45 percent higher for the first 8 months of this year than for the same period in 1942. During the summer months, truck crop prices reach the seasonal low of the year and it now seems probable that prices for this summer (July, August and September) will average only slightly lower than for the summer of 1943 and probably about 35 percent higher than for the same period in 1942.

During the 2-week period ended September 2, wholesale prices on the New York City market averaged considerably lower for onions, celery and cantaloupes than a year earlier. Somewhat lower prices than a year earlier prevailed for carrots, cauliflower, cabbage and cucumbers. For the same period, prices were higher than a year earlier for lettuce, snap beans and spinach. Also on that market, the weighted average price of 14 fresh market vegetables averaged 12 percent lower for the week ended September 2 than for the corresponding week in 1943. The average price for those 14 vegetables for the week ended September 2 was, however, 9 percent higher than a month earlier, indicating a tendency for a seasonal increase in vegetable prices.

The market supply of commercial truck crops should continue at a high level during the late summer and fall. The aggregate tonnage of summer season vegetables is expected to be 21 percent larger than in 1943 and 16 percent larger than the 10-year (1933-42) average. The fall crop, harvested mostly

during October, November and December, is now estimated to be about 2 percent larger than the record large production of 1943 and nearly one-fourth larger than the 10-year average. Vegetables which should be in larger supply than a year earlier include the fall crops of lettuce and lima beans and the early fall crops of cabbage, celery, cucumbers, green peas and snap beans. A relatively shorter supply of cauliflower and carrots is in prospect for this fall, and the early fall crops of spinach and tomatoes probably will be smaller than a year earlier.

The total supply of commercial truck crops for processing this year, on the basis of the September 1 crop report, is indicated to be about 10 percent larger than in 1943 but about 5 percent smaller than the record large production of 1942. The supply of tomatoes is indicated to be of record large size and although it is only slightly larger than the 1942 crop, it would be nearly one-fifth larger than in 1943. Supplies of green peas for processing are expected to be about 10 percent less than in 1943, sweet corn 6 percent less and snap beans about 1 percent less.

Although the total supply of commercial truck crops for processing is expected to be larger than in 1943, as long as the present high requirements for processed vegetables by Government agencies continue, the per capita supply of canned vegetables for civilians for the 1944-45 season may be reduced to less than they consumed during the 1943-44 season. To the extent that all such requirements may later be reduced, civilian supplies would be increased accordingly.

POTATOES AND SWEET POTATOES

The average price per bushel received by farmers for potatoes on August 15 averaged \$1.59 or 21 cents more than on July 15. This is the first time since 1934 that the price received by farmers for potatoes has increased from July to August. This higher price in August reflects the shorter supply resulting from the smallest production of potatoes on record in the Intermediate States.

The f.o.b. price for U.S. No. 1 Cobbler potatoes at central New Jersey shipping points decreased from \$3.00 per 100 pounds for the week ended August 19 to \$2.70 for the week ended September 2. It is probable that prices received by farmers will follow the normal downward trend from August to September as indicated by these f.o.b. quotations. A lower September price would reflect the larger market supplies now becoming available from the late producing States.

The 10-year (1933-42) average decline in prices received by farmers for potatoes from August to the seasonal low point in October was 16 cents per bushel. Because the August 15 price of \$1.59 per bushel was unusually high (the highest August 15 price since 1920), reflecting the record small crop of potatoes in the Intermediate States, and because the 300-million-bushel late crop is of moderately large size, a larger than average decline in potato prices from August to October of this year may be anticipated.

The 300 million-bushel late crop, while much less than last year's crop, is the second largest late crop since 1935. In the pre-war period, this would have been a fairly favorable supply of potatoes from the late crop. However, because of the demands by Government agencies, the per capita supply of potatoes for fresh consumption available to civilians for 1944-45 probably will be around 15 percent below the 5-year (1935-36 to 1939-40) average consumption.

The price for sweetpotatoes received by farmers on August 15 averaged \$2.58 per bushel, or 20 cents less than a year earlier. The usual seasonal course of sweetpotatoe prices is downward from August to November. In 1943, when the total crop was 72.6 million bushels or about 8 percent above the 10-year (1933-42) average, the price received by farmers declined \$1.01 per bushel from August 15 to November 15. The decline in price from August to November this year probably will be somewhat less than occurred last year, since the 68.8 million bushel crop this year is only about 2 percent larger than average.

DRY EDIBLE BEANS AND PEAS

The price received by farmers for dry edible beans on August 15 was \$6.16 per 100 pounds, reflecting the support price program. It is probable that bean prices will continue at about this level although this year's estimated crop of 17.7 million bags (100 pounds, uncleaned) is 16 percent less than last year's crop. However, this year's crop is about 16 percent larger than the 10-year (1933-42) average production.

Prices received by farmers for dry field peas, which were \$4.91 per 100 pounds on August 15, also probably will continue to be governed largely by the support price program. The 8.9 million bag crop expected this year is 18 percent smaller than the 1943 crop. However, it would be 183 percent larger than the 10-year (1933-42) average production.

TOBACCO

In view of the strong demand for leaf tobacco and the high level of consumption of tobacco products, particularly cigarettes, the outlook for tobacco during the next year or so is favorable. Stocks of aged tobacco, especially flue-cured and burley, are below normal in relation to demand, but with the large 1944 crop (now placed at 1,731 million pounds), the supply for the 1944-45 season is about the same as last year. The Commodity Credit Corporation purchase and loan program for this year may involve as much as 400 million pounds, with purchases of flue-cured tobacco this season possibly somewhat larger than last year. According to the September estimate, the 1944 production of flue-cured is 1,047 million pounds, compared with 788 million in 1943. This production was exceeded only in 1939 when the crop totaled 1,171 million pounds.

Demand for flue-cured tobacco, the only major type now being marketed by farmers, continues strong, and prices paid growers are above the relatively high level of last year. Approximately 30 percent of the 1944 crop has been sold at an average of 40-1/2 cents per pound, compared with a season average of 40.2 cents for the 1943 crop, and the highest since 1919. Through September 8, the average price paid growers for types 12 and 13 was 42.9 cents per pound, compared with the established ceiling of 43-1/2 cents for tied tobacco. The 1944 crop of type 14 (untied) produced in Georgia and Florida averaged 36 cents compared with 39 cents last year, and with the ceiling of 39 cents for the 1944 crop of untied tobacco.

Practically all of the 1943 crop of Maryland tobacco has been sold at an average of 45.6 cents per pound. This compares with a season average of 56 cents for the 1942 crop. The 1943 crop was one of the smallest on record and was exceptionally poor in quality. Demand for better grades was strong and prices of such grades were at the established ceiling of 62 cents per pound throughout the season. But owing to the large percentage of poor quality leaf, the price of which was relatively weak, the season average price was well below last year's average.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	Year	1943			1944		
			Aug.	May	June	July	Aug.	
Industrial Production <u>1/</u>	1935-39							
Total	= 100	239	240	237	235	231	232	
All manufactures	"	258	261	253	252	247	248	
Durable goods	"	360	365	357	354	343	349	
Nondurable goods	"	176	178	169	169	165	166	
Minerals	"	132	135	143	142	139	142	
Construction activity <u>1/</u>	1935-39							
Contracts, total	= 100	123	103	57	59	66	70	
Contracts, residential	"	98	86	39	37	34	32	
Wholesale prices <u>2/</u>	1935-39							
All commodities	= 100	128	128	129	129	129	129	
All commodities except farm and food	"	119	120	121	121	121	121	
Farm products	"	161	162	163	164	163	163	
Food	"	135	134	133	135	134	132	
Prices received and paid by farmers <u>3/</u>	1910-14							
	= 100							
Prices received, all prod.	"	193	192	194	193	192	193	
Prices paid, int. and taxes	"	162	164	169	170	170	170	
Parity ratio	"	119	117	115	114	113	114	
Consumer expenditures <u>4/</u>	1935-39							
Total	= 100	155	155	161	---	---	---	
Cost of living <u>5/</u>	1935-39							
Total	= 100	124	123	125	125	126	126	
Food	"	138	137	136	136	137	138	
Nonfood	"	116	116	120	120	120	120	
Income	1935-39							
Nonagricultural payments <u>4/</u>	= 100	207	210	226	228	229	---	
Cash farm <u>3/</u>	"	242	266	276	275	252	---	
Income of Industrial Workers <u>3/</u>	1935-39	305	312	313	313	306	---	
Factory payrolls <u>5/</u>	= 100	337	343	338	339	330	---	
Weekly earnings of factory workers <u>5/</u>	Dollars							
All manufacturing	"	43.16	43.52	46.03	46.27	45.52	---	
Durable goods	"	49.32	49.61	51.90	52.17	51.20	---	
Nondurable goods	"	34.12	34.55	37.03	37.35	37.07	---	
Employment								
Total civilian <u>6/</u>	Million	52.5	54.4	52.8	54.2	55.0	54.0	
Employees in nonagri. est. <u>5/</u>	Thous.	39,677	39,860	38,684	38,824	38,724	38,771	
Farm <u>3/</u>	"	10,263	11,020	10,068	11,285	11,355	10,608	
Government finance (Federal) <u>7/</u>	Mil. Dol.							
Receipts, net	"	2,879	2,721	2,950	6,247	2,163	2,568	
Expenditures	"	7,340	7,617	3,292	8,625	8,110	8,119	

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B. L. S. 3/ U. S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid, interest and taxes to 1935-39 base, multiply by .93110 and .77640 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B. L. S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1943 are on average monthly basis.

